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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/803,651	03/18/2004	Robert G. Lynch	LYR 0101 PUS	5331

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EXAMINER	
REYES, REGINALD R	

ART UNIT	PAPER NUMBER
3626	

MAIL DATE	DELIVERY MODE
06/07/2010	PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No.	Applicant(s)	
	10/803,651	LYNCH, ROBERT G.	
	Examiner	Art Unit	
	REGINALD REYES	3626	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

1)☒ Responsive to communication(s) filed on *01 March 2010*.

2a)☒ This action is **FINAL**. 2b)☐ This action is non-final.

3)☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4)☒ Claim(s) *1-11,13,14,21-31,33 and 34* is/are pending in the application.

4a) Of the above claim(s) _____ is/are withdrawn from consideration.

5)☐ Claim(s) _____ is/are allowed.

6)☒ Claim(s) *1-11, 13-14, 21-31, 33-34* is/are rejected.

7)☐ Claim(s) _____ is/are objected to.

8)☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

9)☐ The specification is objected to by the Examiner.

10)☐ The drawing(s) filed on _____ is/are: a)☐ accepted or b)☐ objected to by the Examiner.

Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11)☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12)☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

a)☐ All b)☐ Some * c)☐ None of:

1.☐ Certified copies of the priority documents have been received.

2.☐ Certified copies of the priority documents have been received in Application No. _____.

3.☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☐ Notice of References Cited (PTO-892)
2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
3) ☐ Information Disclosure Statement(s) (PTO/SB/08) Paper No(s)/Mail Date _____
4) ☐ Interview Summary (PTO-413) Paper No(s)/Mail Date. _____.
5) ☐ Notice of Informal Patent Application
6) ☐ Other: _____.

DETAILED ACTION

Status of Claims

1. Claim 1-11 and 13-14 and 21-31 and 33-34 have been examined and are addressed below. Claims 12 and 32 have been previously cancelled. Claims 15-20 have been previously withdrawn.

Response to Amendments

2. The rejection of claim 1-11 and 13-14 and 21-31 and 33-34 under 35 USC § 112 second paragraph is withdrawn in light of Applicant's clarification to the claims.

3. The applicant's arguments have been considered but Examiner respectfully disagrees. Applicant argues that Hammond is directed to a case reserve and the application is directed to calculating reserves for a block of business in aggregate. Hammond teaches the method of the claim as shown in the rejection. The aggregation of the reserve is obvious modification/variation of the prior art for one of ordinary skill in the art.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the

invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 1-2 and 21-22 rejected under 35 U.S.C. 103 (a) as being unpatentable over Hammond et al (U.S. 5,613,072).

4. With respect to claim 1 and 21 Hammond teaches a method for estimating incurred but not yet paid (IBNP) claim amounts, the computer usable medium encoded with instructions of a method comprising: a) accessing a set of historical data for each of a plurality of incurred periods and paid periods (see for example Hammond Column 4 lines 32-67 and column 5 lines 1-41 and column 14 lines 18-40); b) identifying a functional relationship between cumulative paid lag claim amounts and paid lag claim amounts, wherein the functional relationship has one or more adjustable parameters, the cumulative paid lag claim amounts are independent variables with a cumulative paid lag claim amount for a selected incurred period being the sum of paid lag claim amounts for one or more paid periods or the sum of paid lag claim amounts for one or more paid periods multiplied by a weighting factor, and the paid lag claim amounts are dependent variables (see for example Hammond column 9 lines 5-10); c) adjusting the one or more adjustable parameters to obtain optimized parameters such that a predetermined function of differences between calculated paid lag claim amounts and actual paid lag claim amounts is minimized (see for example Hammond column 10 lines 4-15); and d) estimating IBNP claim amounts for each combination of incurred periods and paid periods after the valuation date, the estimated IBNP claim amounts being a projected paid claim amount calculated from the functional relationship with the optimized parameters of step c), for each paid period after the valuation date, from the cumulative

paid lag claim amounts for each incurred period as of the valuation date (see for example Hammond column 10 lines 4-15). Hammond does not explicitly teach prior to a valuation date, an incurred period being a time period in which a claim is incurred and a paid period being a time period in which the incurred claim is paid, the set of historical data comprising a paid lag claim amount for each combination of incurred and paid periods, the paid lag claim amount being a total actual amount of claims incurred in a given incurred period and paid a given lag time later in a given paid period, the lag time being a measure of elapsed time from a point in the given incurred period to the given paid period. However Official Notice is taken that in the history of forecasting to apply various statistical analysis techniques based on historical data. Therefore one of ordinary skill in the art would have found it obvious to one of ordinary skill at the time of invention to combine the teachings of Hammond with the commonly known practice in forecasting to use statistical models to predict future costs and duration of insurance claims.

5. With respect to claims 2 and 22 Hammond teaches the medium of claim 1 (as described above). Hammond teaches further comprising: e) calculating an incurred period IBNP claim amount for each incurred period by summing IBNP claim amounts estimated in step d over all paid periods after the valuation date for each incurred period before the valuation date (for example Hammond Column 4 lines 32-67 and column 5 lines 1-41 and column 14 lines 18-40).

6. With respect to claim 3 and 23 Hammond teaches the medium of claim 2 (as described above). Hammond teaches further comprising estimating a total IBNP liability reserve amount as of the valuation date by summing the incurred period IBNP claim amounts over all incurred periods prior to the valuation date (see for example Hammond column 2 lines 54-60).

7. With respect to claim 4 and 24 Hammond teaches the medium of claim 1 (as described above). Hammond teaches further comprising f) calculating a paid period IBNP claim amount for each paid period after the valuation date by summing IBNP claim amounts estimated in step d over all incurred periods before the valuation date for each paid period after the valuation date (for example Hammond Column 4 lines 32-67 and column 5 lines 1-41 and column 14 lines 18-40).

8. With respect to claim 5 and 25 Hammond teaches the medium of claim 4 (as described above). Hammond teaches, further comprising estimating a total IBNP liability reserve amount by summing the paid period IBNP claim amounts over all paid periods after the valuation date (for example Hammond Column 4 lines 32-67 and column 5 lines 1-41 and column 14 lines 18-40).

9. With respect to claim 6 and 26 Hammond teaches the medium of claim 1 (as described above). Hammond teaches wherein each of the plurality of incurred periods has an associated number of exposures and the weighting factor in step b for each of

the plurality of incurred periods is 1 divided by the associated number of exposures, thereby producing per exposure paid lag claim amounts, the cumulative paid lag claim amounts are the per exposure cumulative paid lag claim amounts, and the IBNP claim amounts are the per exposure IBNP claim amounts (for example Hammond Column 4 lines 32-67 and column 5 lines 1-41 and column 14 lines 18-40).

10. With respect to claim 7 and 27 Hammond teaches the medium of claim 6 (as described above). Hammond teaches further comprising g) calculating an incurred period IBNP claim amount for each incurred period by summing, over all paid periods after the valuation date, the products of the per exposure IBNP claim amount for the given paid period times the number of exposures for that incurred period (see for example Hammond column 13 lines 51-64 and column 14 lines 3-10 and column 37 lines 1-12).

11. With respect to claim 8 and 28 Hammond teaches the medium of claim 7 (as described above) Hammond teaches further comprising estimating a total IBNP liability reserve amount by summing the incurred period IBNP claim amount over all incurred periods (see for example Hammond column 13 lines 21-39).

12. With respect to claim 9 and 29 Hammond teaches the medium of claim 6 (as described above). Hammond teaches further comprising h) calculating a paid period IBNP claim amount for each paid period after the valuation date by summing, over all

incurred periods before the valuation date for the respective paid periods, the products of the per exposure IBNP claim amount for the given paid period times the number of exposures for the respective incurred periods (for example Hammond Column 4 lines 32-67 and column 5 lines 1-41 and column 13 lines 21-39 and column 14 lines 18-40).

13. With respect to claim 10 and 30 Hammond teaches the medium of claim 9 (as described above). Hammond teaches further comprising estimating a total IBNP liability reserve amount by summing the paid period IBNP claim amounts over all paid periods (for example Hammond Column 4 lines 32-67 and column 5 lines 1-41 and column 13 lines 21-39 and column 14 lines 18-40).

14. With respect to claim 11 and 31 Hammond teaches the medium of claim 1 (as described above). Hammond teaches wherein step c is performed by a least squares regression (see for example Hammond column 9 lines 56-62).

15. With respect to claim 13 and 33 Hammond teaches the medium of claim 1 (as described above). Hammond teaches further comprising adjusting the paid lag claim amount for an effect of trend or seasonality (for example Hammond Column 4 lines 32-67 and column 5 lines 1-41 and column 13 lines 21-39 and column 14 lines 18-40 and column 9 lines 49-62).

16. With respect to claim 14 and 34 Hammond teaches the medium of claim 13 (as described above). Hammond teaches further comprising adjusting the projected lag claim amount for an effect of trend or seasonality (see for example Hammond column 7 lines 64-67 and column 8 lines 1-8).

Conclusion

THIS ACTION IS MADE FINAL. Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the mailing date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to REGINALD REYES whose telephone number is (571)270-5212. The examiner can normally be reached on 7:30-5:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Jerry O'Connor can be reached on 571-272-6787. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/R. R./
Examiner, Art Unit 3626

/C. Luke Gilligan/
Primary Examiner, Art Unit 3626